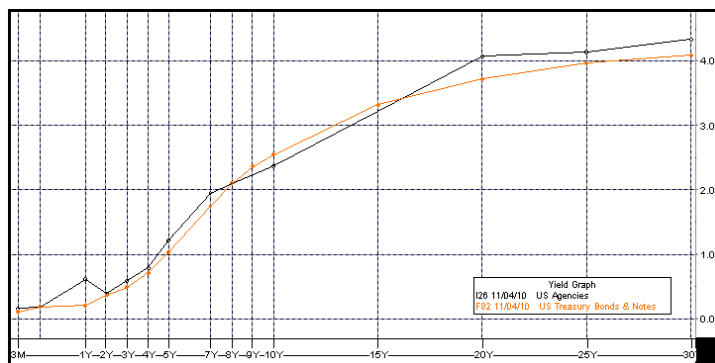


Overall Payrolls Increased by 151,000 in October

The U.S. economy added 151,000 jobs in October compared to an expected gain of 60,000 for the month and a revised reduction of 41,000 in September. This was the first gain since May in overall payroll figures. Private jobs, on the other hand, have been created each month in 2010 and increased by another 159,000 in October. This improved the average to 111,500 per month since the beginning of the year in private payrolls. The economy has a ways to go with the unemployment rate still above 9 percent and only 1.1 million private payrolls created in 2010 compared to over 8 million jobs lost in 2008-2009.

Yield Curves (Agency vs. Treasury)



Source: Bloomberg

Our Methodology

The Federal Open Market Committee (FOMC) met on November 3, 2010 and as widely anticipated announced quantitative easing II (QE2). Under QE2 the Federal Reserve will buy \$600 billion of Treasuries as part of the central bank's effort to reduce consumer lending rates and combat deflation. The FOMC also kept the fed funds target rate at 0 to 0.25 percent target range with the statement once again that economic conditions "are likely to warrant exceptionally low levels for the federal funds rate for an extended period." The FOMC has been facing criticism from several sources including other central banks as the value of the dollar fell and commodity prices rose in reaction to the FOMC announcement. In addition, recent economic reports have been more positive including an increase in October private payrolls of 159K versus the consensus estimate of an increase of 80K. The market is not anticipating a rise in the fed funds target rate until sometime in 2012. We expect the yield on money-market type investments to remain at record low levels. We will continue to concentrate on high quality, liquid investments while adhering to our long standing objectives of safety, liquidity, and yield.

Selected Current Economic Data

| DATA | PERIOD | |
|------------------|-----------|-----------|
| GDP QoQ | Q3 '10 | 2.0% |
| GDP YoY | Q3 '10 | 3.1% |
| PPI YoY | Sep '10 | 4.0% |
| CPI YoY | Sep '10 | 1.1% |
| Jobless Rate | Oct '10 | 9.6% |
| Fed Funds Target | Nov 3 '10 | 0 - 0.25% |

Source: Bloomberg

Treasury Yields

| TERM | 11/11/10 | 11/04/10 | CHANGE |
|---------|----------|----------|--------|
| 3-Month | 0.14% | 0.12% | 0.02% |
| 6-Month | 0.17% | 0.16% | 0.01% |
| 1-Year | 0.23% | 0.20% | 0.03% |

Source: Bloomberg

Agency Yields

| TERM | 11/11/10 | 11/04/10 | CHANGE |
|---------|----------|----------|--------|
| 3-Month | 0.11% | 0.12% | -0.01% |
| 6-Month | 0.19% | 0.16% | 0.03% |
| 1-Year | 0.35% | 0.20% | 0.15% |

Source: Bloomberg

Commercial Paper Yields (A-1/P-1 Dealers)

| TERM | 11/11/10 | 11/04/10 | CHANGE |
|---------|----------|----------|--------|
| 1-Month | 0.26% | 0.24% | 0.02% |
| 3-Month | 0.31% | 0.30% | 0.01% |
| 6-Month | 0.42% | 0.41% | 0.01% |
| 9-Month | 0.54% | 0.53% | 0.01% |

Source: Bloomberg

The opinions expressed are those of the TrustIndiana Administrator and are subject to change without notice.